



U.S. Department of Justice

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PRESS RELEASE

FOR IMMEDIATE RELEASE

Friday, February 18, 2011

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USAID Employee Arrested On Charge Stemming From Theft of Government Property

WASHINGTON - Michael E. Hase, 62, an employee with the U.S. Agency for International Development, has been arrested and charged in a criminal complaint with theft of government property, U.S. Attorney Ronald C. Machen Jr. and Donald A. Gambatesa, Inspector General of the U.S. Agency for International Development (USAID) announced today.

Hase was taken into custody on February 17, 2011 at Dulles International Airport. He appeared in U.S. District Court for the District of Columbia. Agreeing with the government that Hase posed a serious flight risk, Magistrate Judge Alan Kay restricted his travel to the Washington, D.C. area, placed him on electronic monitoring, and barred him from withdrawing any funds from a \$2.45 million investment account without the Court's authorization. A preliminary hearing is scheduled for March 18, 2011.

USAID is an independent agency that provides economic, development and humanitarian assistance around the world in support of foreign policy goals of the United States. One of the components of USAID, the Development Credit Authority (DCA), provides banks within developing countries with partial credit guarantees. The DCA works to facilitate lending by these banks by furnishing them with credit guarantees of up to 50 percent of the amount of the loans, made to borrowers investing in eligible developmental projects consistent with USAID organizational goals. Thus, if a loss is suffered by a bank that has such a credit guarantee, USAID will reimburse that bank with U.S. Government funds for up to half of the loss. The bank is obligated under general terms of the credit guarantee to pursue collection activity against the defaulting party. The bank must split any subsequent recovery with USAID on a pro rata basis.

According to the arrest warrant, Hase was the controller for USAID in Armenia from May 2005 through September 2009. In that position, he was responsible for handling loan default payments due from Armenian banks that had received U.S. government funds under DCA agreements. On January 15, 2009, Hase instructed an Armenian bank to forward a loan default

payment in the amount of \$19,335 to his personal bank account.

The case remains under investigation by the Inspector General's Office for the U.S. Agency for International Development. It is being prosecuted by Assistant U.S. Attorney Susan B. Menzer, of the District of Columbia.

Charges contained in criminal complaints are merely allegations that a defendant has committed a violation of criminal laws and every defendant is presumed innocent unless, and until, proven guilty.

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